

# House File 867 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ECONOMIC GROWTH  
(SUCCESSOR TO HF 502)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act creating an Iowa community entrepreneurial program and  
2 fund and making appropriations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2504HV 82  
5 tm/je/5

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1 1 Section 1. NEW SECTION. 15E.331 SHORT TITLE.  
1 2 This division shall be known as and may be cited as the  
1 3 "Iowa Community Entrepreneurial Act".  
1 4 Sec. 2. NEW SECTION. 15E.332 IOWA COMMUNITY  
1 5 ENTREPRENEURIAL PROGRAM.  
1 6 1. The department shall establish and administer an Iowa  
1 7 community entrepreneurial program to assist small businesses.  
1 8 The department shall provide assistance from the Iowa  
1 9 community entrepreneurial fund created in section 15E.334 to  
1 10 eligible businesses in the form of loans, forgivable loans,  
1 11 and technical assistance grants. An applicant shall not  
1 12 receive more than two hundred fifty thousand dollars of  
1 13 financial assistance in the form of loans or forgivable loans.  
1 14 Loans under the program shall be used for business expenses  
1 15 and to leverage conventional financing from commercial lenders  
1 16 or private investors. Only an applicant locating or expanding  
1 17 in a county with a population of twenty-five thousand or less  
1 18 based on the 2000 census shall be eligible for financial  
1 19 assistance in the form of forgivable loans. A forgivable loan  
1 20 shall be based on the number of pledged jobs being created  
1 21 within one year from the time an application for financial  
1 22 assistance is submitted. An applicant shall not receive more  
1 23 than twenty-five thousand dollars in technical assistance  
1 24 grants. Loans and technical assistance grants shall not  
1 25 exceed fifty percent of the total costs of a project. The  
1 26 Iowa economic development board shall approve or deny each  
1 27 award of assistance under the program.  
1 28 2. Loans or forgivable loans awarded under the program  
1 29 shall not exceed a term of seven years.  
1 30 3. In reviewing applications for assistance, the  
1 31 department shall give additional consideration or additional  
1 32 points to applicants that demonstrate any of the following:  
1 33 a. Business plans approved by a business accelerator  
1 34 receiving financial assistance under the business accelerator  
1 35 program established in section 15E.351, as demonstrated by a  
2 1 letter of endorsement by the business accelerator.  
2 2 b. Counseling received from a business accelerator  
2 3 receiving financial assistance under the business accelerator  
2 4 program established in section 15E.351, as demonstrated by a  
2 5 letter of endorsement by the business accelerator.  
2 6 c. Counseling received from a small business development  
2 7 center, as demonstrated by a letter of endorsement by the  
2 8 small business development center.  
2 9 d. Counseling received through an internet-based program  
2 10 to assist and stimulate entrepreneurial activity in rural  
2 11 areas of the state administered by the university of northern  
2 12 Iowa, as demonstrated by a letter of endorsement by the  
2 13 university.  
2 14 e. Counseling received from a center providing assistance  
2 15 to entrepreneurs, as demonstrated by a letter of endorsement  
2 16 by the center.  
2 17 f. Infrastructure of the business certified by the  
2 18 leadership in energy and environmental design green building

2 19 rating system or utilizing renewable energy.  
2 20 g. The business is a targeted industry business as defined  
2 21 in section 15E.223.  
2 22 h. Location or expansion in an enterprise zone certified  
2 23 pursuant to section 15E.194.  
2 24 4. A county may exempt from all property taxation all or a  
2 25 portion of the value added to the property upon which an  
2 26 eligible business locates or expands and which is used in the  
2 27 operation of the eligible business. The amount of value added  
2 28 for purposes of this subsection shall be the amount of the  
2 29 increase in assessed valuation of the property following the  
2 30 location or expansion of the business. The exemption may be  
2 31 allowed for a period not to exceed ten years beginning the  
2 32 year the eligible business locates or expands operations in  
2 33 the county.

2 34 5. If a recipient of assistance under the program fails to  
2 35 maintain the requirements to be an eligible business under  
3 1 section 15E.333, the recipient is subject to repayment of all  
3 2 or a portion of the assistance.

3 3 Sec. 3. NEW SECTION. 15E.333 ELIGIBLE BUSINESSES.

3 4 1. A business is eligible to receive assistance under the  
3 5 Iowa community entrepreneurial program if the department finds  
3 6 the business meets all of the following:

3 7 a. Has fifty or fewer employees.

3 8 b. Creates at least two new jobs.

3 9 c. Pays new employees an average wage that is equal to or  
3 10 greater than one hundred percent of the average county wage or  
3 11 one hundred percent of the average regional wage, whichever is  
3 12 lower.

3 13 d. Is not a retail business.

3 14 2. An eligible business shall have not more than one year  
3 15 to meet the job creation and wage requirements provided in  
3 16 subsection 1.

3 17 Sec. 4. NEW SECTION. 15E.334 IOWA COMMUNITY  
3 18 ENTREPRENEURIAL FUND.

3 19 1. An Iowa community entrepreneurial fund is created in  
3 20 the state treasury under the control of the department and  
3 21 consisting of any moneys appropriated by the general assembly  
3 22 and any other moneys available to and obtained or accepted by  
3 23 the department for placement in the fund.

3 24 2. Payments of interest, repayments of moneys loaned  
3 25 pursuant to this part, and recaptures of loans shall be  
3 26 deposited in the fund.

3 27 3. The fund shall be used to provide loans and forgivable  
3 28 loans under the Iowa community entrepreneurial program  
3 29 established in section 15E.332.

3 30 4. Moneys in the fund are not subject to section 8.33.

3 31 Notwithstanding section 12C.7, interest or earnings on moneys  
3 32 in the fund shall be credited to the fund.

3 33 Sec. 5. NEW SECTION. 15E.335 APPROPRIATIONS.

3 34 For the fiscal period beginning July 1, 2007, and ending  
3 35 June 30, 2012, there is appropriated from the general fund of  
4 1 the state to the department of economic development two  
4 2 million six hundred fifty thousand dollars each fiscal year  
4 3 for deposit in the Iowa community entrepreneurial fund created  
4 4 in section 15E.334.

#### 4 5 EXPLANATION

4 6 This bill creates an Iowa community entrepreneurial program  
4 7 and fund.

4 8 The bill requires the department of economic development to  
4 9 establish and administer an Iowa community entrepreneurial  
4 10 program to assist small businesses. The bill provides that  
4 11 the department shall provide assistance from the Iowa  
4 12 community entrepreneurial fund to eligible businesses in the  
4 13 form of loans, forgivable loans, and technical assistance  
4 14 grants. The bill places limits on the amount of financial  
4 15 assistance that an eligible business may receive. The bill  
4 16 provides that only applicants locating or expanding in a  
4 17 county with a population of 25,000 or less shall be eligible  
4 18 for financial assistance in the form of forgivable loans. The  
4 19 bill provides that loans or forgivable loans awarded under the  
4 20 program shall not exceed a term of seven years. The bill  
4 21 provides that, in reviewing applications for assistance, the  
4 22 department shall give additional consideration or additional  
4 23 points to applicants that demonstrate certain criteria.

4 24 The bill allows a county to exempt from all property  
4 25 taxation all or a portion of the value added to the property  
4 26 upon which an eligible business locates or expands and which  
4 27 is used in the operation of the eligible business. The bill  
4 28 provides that the amount of value added for these purposes  
4 29 shall be the amount of the increase in assessed valuation of

4 30 the property following the location or expansion of the  
4 31 business. The bill provides that the exemption may be allowed  
4 32 for a period not to exceed 10 years beginning the year the  
4 33 eligible business locates or expands operations in the county.  
4 34 The bill provides that, if a recipient of assistance under  
4 35 the program fails to maintain the requirements to be an  
5 1 eligible business, the recipient is subject to repayment of  
5 2 all or a portion of the assistance.  
5 3 The bill provides that a business is eligible to receive  
5 4 assistance under the Iowa community entrepreneurial program if  
5 5 the department finds the business has 50 or fewer employees,  
5 6 creates at least two new jobs, pays new employees an average  
5 7 wage that is equal to or greater than 100 percent of the  
5 8 average county wage or 100 percent of the average regional  
5 9 wage, whichever is lower, and is not a retail business. The  
5 10 bill provides that an eligible business shall have not more  
5 11 than one year to meet the job creation and wage requirements  
5 12 for being an eligible business.  
5 13 The bill creates an Iowa community entrepreneurial fund in  
5 14 the state treasury under the control of the department and  
5 15 consisting of any moneys appropriated by the general assembly  
5 16 and any other moneys available to and obtained or accepted by  
5 17 the department for placement in the fund. The bill provides  
5 18 that the fund shall be used to provide loans and forgivable  
5 19 loans under the Iowa community entrepreneurial program.  
5 20 For the fiscal period beginning July 1, 2007, and ending  
5 21 June 30, 2012, the bill appropriates from the general fund of  
5 22 the state to the department of economic development \$2,650,000  
5 23 each fiscal year for deposit in the Iowa community  
5 24 entrepreneurial fund.  
5 25 LSB 2504HV 82  
5 26 tm:rj/je/5